



## **NATIONAL AERONAUTICS AND SPACE ADMINISTRATION**

### **14 CFR Part 1261**

**[Document Number NASA-2017-0003; Notice: 17-040]**

**RIN 2700-AD83**

### **Processing of Monetary Claims**

**AGENCY:** National Aeronautics and Space Administration.

**ACTION:** Direct final rule.

**SUMMARY:** This direct final rule makes changes to comply with statutory modifications increasing NASA's approval authority for certain actions from \$20,000 to \$100,000 and makes nonsubstantive changes to clarify the existing notification and review procedures. Pursuant to statutory amendments, NASA's authority to approve certain claims has increased from \$20,000 to \$100,000. NASA is amending its implementing regulation accordingly. Prior to this statutory change, amounts over \$20,000 had to be forwarded to officials within the Department of Justice for approval. The additional changes to procedures were made to comply with "plain wording" criteria and to incorporate debt collection procedural changes implemented under the Debt Collection Improvement Act of 1996. No substantive changes were made to existing NASA provisions for notice and review of claims or indebtedness. The revision to this rule is part of NASA's retrospective plan under Executive Order (EO) 13563 completed in August 2011.

**DATES:** This direct final rule is effective [INSERT DATE OF 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. Comments due on or before [INSERT DATE 30 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]. If adverse comments are received, NASA will publish a timely withdrawal of the rule in the Federal Register.

**ADDRESSES:** NASA’s full plan can be accessed on the Agency’s open Government Web site at <http://www.nasa.gov/open/>.

**FOR FURTHER INFORMATION CONTACT:** Bryan R. Diederich, Office of the General Counsel, NASA Headquarters, telephone (202) 358-0216.

**SUPPLEMENTARY INFORMATION:**

**Direct Final Rule:**

NASA has determined this rulemaking meets the criteria for a direct final rule because it involves non-discretionary statutory modifications to certain of NASA’s claims and indebtedness approval authorities and makes nonsubstantive and “plain wording” changes to existing notification and review procedures within NASA. However, if the Agency receives a significant adverse comment, it will withdraw this direct final rule by publishing a notice in the Federal Register. A significant adverse comment is one that explains: (1) Why the direct final rule is inappropriate, including challenges to the rule’s underlying premise or approach; or (2) why the direct final rule will be ineffective or unacceptable without a change. In determining whether a comment necessitates withdrawal of this direct final rule, NASA will consider whether it warrants a substantive response in a notice and comment process.

**Statutory Authority:**

**Title 31, Subchapter II, Section 3711(a)(2) Collection and compromise.**

**Regulatory Analysis:**

**Paperwork Reduction Act Statement**

This final rule does not contain an information collection requirement that is subject to the

Paperwork Reduction Act of 1995 (44 U.S.C. 3501 et seq.).

### **Executive Order 12866 and Executive Order 13563**

Executive Orders 13563 and 12866 direct agencies to assess all costs and benefits of available regulatory alternatives and, if regulation is necessary, to select regulatory approaches that maximize net benefits (including potential economic, environmental, public health and safety effects, distributive impacts, and equity). Executive Order 13563 emphasizes the importance of quantifying both costs and benefits, of reducing costs, of harmonizing rules, and of promoting flexibility. This final rule has been designated a “not significant.”

### **Regulatory Flexibility Act**

It has been certified that this final rule is not subject to the Regulatory Flexibility Act (5 U.S.C. 601) because it would not, if promulgated, have a significant economic impact on a substantial number of small entities.

### **List of Subjects in 14 CFR Part 1261**

Claims.

Accordingly, 14 CFR part 1261 is amended as follows:

#### **PART 1261— PROCESSING OF MONETARY CLAIMS (GENERAL)**

1. The authority citation for part 1261 is revised to read as follows:

**Authority:** Subparts 1261.4, 1261.5, and 1261.6 issued under 51 U.S.C. 20113; 31 U.S.C. 3711 *et seq.*; 5 U.S.C. 5514; 31 CFR parts 900 through 904; 5 CFR part 550, subpart K, §§550.1101 through 550.1107.

#### **Subpart 1261.3—Claims Against NASA or Its Employees for Damage to or Loss of Property or Personal Injury or Death—Accruing On or After January 18, 1967**

2. The authority citation for subpart 1261.3 is revised to read as follows:

Authority: 28 U.S.C. 2671–2680, 51 U.S.C. 20113(m), and 28 CFR part 14.

3. Amend § 1261.301 by revising paragraphs (b) and (c) to read as follows:

**§ 1261.301 Authority.**

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(b) Under 51 U.S.C. 20113(m)(1), NASA is authorized to consider, ascertain, adjust, determine, settle, and pay, on behalf of the United States, in full satisfaction thereof, any claim for \$25,000 or less against the United States for bodily injury, death, or damage to or loss of real or personal property resulting from the conduct of NASA's functions as specified in 51 U.S.C. 20112. At the discretion of NASA, a claim may be settled and paid under this authority even though the United States could not be held legally liable to the claimant.

(c) Under 51 U.S.C. 20113(m)(2), if NASA considers that a claim in excess of \$25,000 is meritorious and would otherwise be covered by 51 U.S.C. 20113(m)(1), NASA may report the facts and circumstances of the claim to the Congress for its consideration or to the Comptroller General as provided in the “Supplemental Appropriations Act, 1978,” Pub. L. 95–240 (92 Stat. 107), 31 U.S.C. 724a.

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4. Revise § 1261.304 to read as follows:

**§ 1261.304 Place of filing claim.**

A claim arising in the United States should be submitted to the Chief Counsel of the NASA installation whose activities are believed to have given rise to the claimed injury, loss, or death. If the identity of such installation is not known, or if the claim arose in a foreign country, the

claim should be submitted to the General Counsel, Headquarters, National Aeronautics and Space Administration, Washington, DC 20546.

5. Amend § 1261.307 by revising paragraph (b) to read as follows:

**§ 1261.307 Time limitations.**

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(b) A claim may not be acted upon pursuant to 51 U.S.C. 20113(m)(1) or (2) unless it is presented to NASA within two years after the occurrence of the accident or incident out of which the claim arose.

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6. Amend § 1261.308 by revising paragraphs (c) and (d) to read as follows:

**§ 1261.308 NASA officials authorized to act upon claims.**

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(c) Claims of \$10,000 or more, pursuant either to the Federal Tort Claims Act, or 51 U.S.C. 20113(m), shall be acted upon only with the prior approval of the General Counsel. Such claims shall be forwarded to the General Counsel for approval, if the Chief Counsel or the Associate General Counsel for General Law is of the opinion that the claim may be meritorious and otherwise suitable for settlement under any authority. A claim so forwarded should be accompanied by a report of the facts of the claim, based upon such investigation as may be appropriate, and a recommendation as to the action to be taken.

(d) Claims acted upon by NASA officials pursuant to this section shall be acted upon pursuant to the Federal Tort Claims Act, or 51 U.S.C. 20113(m)(1) or (2), as the NASA official deems appropriate.

7. Amend § 1261.312 by revising paragraph (a) to read as follows:

**§ 1261.312 Action on approved claims.**

(a) Upon settlement of a claim, the official designated in §1261.308 will prepare and have executed by the claimant a Voucher for Payment of Tort Claims (NASA Form 616) if the claim has been acted upon pursuant to 51 U.S.C. 20113(m), or a Voucher for Payment under Federal Tort Claims Act (Standard Form 1145) if the claim has been acted upon pursuant to the Federal Tort Claims Act. The form will then be referred to the cognizant NASA installation fiscal or financial management office for appropriate action.

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8. Amend § 1261.315 by revising paragraphs (b) introductory text and (c) introductory text to read as follows:

**§ 1261.315 Procedures for the handling of lawsuits against NASA employees arising within the scope of their office or employment.**

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(b) Upon receipt of such process and pleadings, the Associate General Counsel for General Law or the Chief Counsel of the NASA installation receiving the same shall furnish to the U.S. Attorney for the district embracing the place where the action or proceeding is brought and, if appropriate, the Director, Torts Branch, Civil Division, Department of Justice, the following:

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(c) The Associate General Counsel for General Law or a Chief Counsel acting pursuant to paragraph (b) of this section shall submit the following documents to the General Counsel, who is hereby designated to receive such documents on behalf of the Administrator:

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9. Amend § 1261.317 by revising paragraph (b) to read as follows:

**§ 1261.317 Attorney-client privilege.**

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(b) Any adverse information communicated by the client-employee to an Agency attorney during the course of such attorney-client relationship shall not be disclosed to anyone, either inside or outside NASA, other than attorneys responsible for representation of the employee, unless such disclosure is authorized by the employee. Such adverse information shall continue to be fully protected whether or not representation is provided and even though representation may be denied or discontinued.

**Subpart 1261.4—Collection of Civil Claims of the United States Arising Out of the Activities of the National Aeronautics and Space Administration (NASA)**

10. Amend § 1261.402 by revising paragraphs (b), (c), (d) and (e) to read as follows:

**§ 1261.402 Delegation of authority.**

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(b) For Headquarters, with regard to subpart 1261.4 and subpart 1261.5: The Associate Administrator for Mission Support or a designee who reports directly to the Associate Administrator for Mission Support. A copy of such designation, if any, shall be sent to the Director, Financial Management Division, NASA Headquarters.

(c) With respect to the analysis required by §1261.413: The NASA Chief Financial Officer or designee.

(d) NASA-wide, with regard to subpart 1261.6: The NASA Chief Financial Officer or designee.

(e) NASA-wide, for complying with pertinent provisions under these regulations for agency hearing or review (see §§1261.408(b), 1261.503, and 1261.603(c)): The NASA General Counsel or designee.

11. Amend § 1261.403 by revising paragraph (a) introductory text to read as follows:

**§ 1261.403 Consultation with appropriate officials; negotiation.**

(a) The authority pursuant to §1261.402 to determine to forgo collection of interest, to accept payment of a claim in installments, or, as to claims which do not exceed \$100,000, exclusive of interest and related charges, to compromise a claim or to refrain from doing so, or to refrain from, suspend, or terminate collection action, shall be exercised only after consultation with legal counsel for the particular installation and the following NASA officials or designees, who may also be requested to negotiate the appropriate agreements or arrangements with the debtor:

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12. Amend § 1261.405 by revising paragraph (a) to read as follows:

**§ 1261.405 Subdivision of claims not authorized; other administrative proceedings.**

(a) Subdivision of claims. Claims may not be subdivided to avoid the \$100,000 ceiling, exclusive of interest, penalties, and administrative costs, for purposes of compromise (§1261.414) or suspension or termination of collection (§1261.416). The debtor's liability arising from a particular transaction or contract shall be considered a single claim (31 CFR 900.6).

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13. Amend § 1261.407 by adding paragraph (b)(4) to read as follows:

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(b)\*\*\*

(4) The name, address, and phone number of a contact person or office within the Agency.

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14. Amend § 1261.408 by revising paragraph (b)(2)(ii) to read as follows:

**§ 1261.408 Use of consumer reporting agency.**



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(b)\*\*\*

(2)\*\*\*

(ii) If a current address is available, notifying the individual by certified mail, return receipt requested, that: The designated NASA official has reviewed the claim and determined that it is valid and overdue; within not less than 60 days after sending this notice, NASA intends to disclose to a consumer reporting agency the specific information to be disclosed under paragraph (b)(1) of this section; the individual may request a complete explanation of the claim, dispute the information in the records of NASA about the claim, and file for an administrative review or repeal of the claim or for reconsideration of the initial decision on the claim.

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15. Amend § 1261.409 by revising paragraph (a) introductory text, adding paragraph (a)(5), revising paragraph (b), and adding paragraph (c) to read as follows:

**§ 1261.409 Contracting for collection services.**

(a) When NASA determines that there is a need to contract for collection services, the following conditions shall apply:

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(5) The debt must not be subject to mandatory transfer to the Department of the Treasury for collection. See 31 CFR 901.5(a) and (b).

(b) NASA shall use Government-wide debt collection contracts to obtain debt collection services provided by private collection contractors. See 31 CFR 901.5(b).

(c) NASA shall fund private collection contractor contracts in accordance with 31 U.S.C. 3728(d) or as otherwise permitted by law. See 31 CFR 901.5(c).

16. Amend § 1261.411 by revising paragraph (a) to read as follows:

**§ 1261.411 Collection in installments.**

(a) Whenever feasible, and except as otherwise provided by law, debts owed to the United States, together with interest penalties, and administrative costs as required by §1261.412, should be collected in full in one lump sum. This is true whether the debt is being collected by administrative offset or by another method, including voluntary payment. However, if the debtor is financially unable to pay the indebtedness in one lump sum, payment may be accepted in regular installments. Debtors who represent that they are unable to pay the debt in one lump sum must submit justification, including financial statements. If NASA agrees to accept payment in regular installments, it will obtain a legally enforceable written agreement from the debtor which specifies all of the terms of the arrangement and which contains a provision accelerating the debt in the event the debtor defaults. The size and frequency of installment payments should bear a reasonable relation to the size of the debt and the debtor's ability to pay. If possible, the installment payments should be sufficient in size and frequency to liquidate the Government's claim in not more than three years. Installment payments of less than \$50 per month should be accepted only if justifiable on the grounds of financial hardship or similar reasonable cause. If the claim is unsecured, an executed confess-judgment note should be obtained from a debtor when the total amount of the deferred installments will exceed \$750. Such notes may be sought when an unsecured obligation of a lesser amount is involved. When attempting to obtain confess-judgment notes, the debtor should be provided with written explanation of the consequences of signing the note, and documentation should be maintained sufficient to demonstrate that the debtor has signed the note knowingly and voluntarily. Security for deferred payments other than a confess-judgment note may be accepted in appropriate cases. NASA, at its option, may accept

installment payments notwithstanding the refusal of a debtor to execute a confess-judgment note or to give other security.

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17. Amend § 1261.412 by revising paragraph (i)(1)(iv) and (i)(2) to read as follows:

**§ 1261.412 Interest, penalties, and administrative costs.**

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(i) \*\*\*

(1) \*\*\*

(iv) To debts arising under the Social Security Act, the Internal Revenue Code, or the tariff laws of the United States.

(2) NASA may, however, assess interest and related charges on debts which are not subject to 31 U.S.C. 3717 to the extent authorized under the common law or applicable statutory authority.

18. Amend § 1261.413 by revising the introductory text to read as follows:

**§ 1261.413 Analysis of costs; automation; prevention of overpayments, delinquencies, or defaults.**

The Office of the NASA Chief Financial Officer will:

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19. Amend § 1261.414 by revising paragraphs (a) and (b) to read as follows:

**§ 1261.414 Compromise of claims.**

(a) Designated NASA officials (see §§1261.402 and 1261.403) may compromise claims for money or property arising out of the activities of the Agency where the claim, exclusive of interest, penalties, and administrative costs, does not exceed \$100,000, prior to the referral of such claims to the Government Accountability Office, or to the Department of Justice for

litigation. The Comptroller General may exercise such compromise authority with respect to claims referred to the Government Accountability Office prior to their further referral for litigation. Only the Comptroller General may effect the compromise of a claim that arises out of an exception made by the Government Accountability Office in the account of an accountable officer, including a claim against the payee, prior to its referral by the Government Accountability Office for litigation.

(b) When the claim, exclusive of interest, penalties, and administrative costs, exceeds \$100,000, the authority to accept the compromise rests solely with the Department of Justice. NASA should evaluate the offer, using the factors set forth in paragraphs (c) through (f) of this section, and may recommend compromise for reasons under one, or more than one, of those paragraphs. If NASA then wishes to accept the compromise, it must refer the matter to the Department of Justice, using the Claims Collection Litigation Report. See §1261.417(e) or 31 CFR 904.2(c). Claims for which the gross amount is over \$200,000 shall be referred to the Commercial Litigation Branch, Civil Division, Department of Justice, Washington, DC 20530. Claims for which the gross original amount is \$200,000 or less shall be referred to the United States Attorney in whose judicial district the debtor can be found. The referral should specify the reasons for the Agency's recommendation. If NASA has a debtor's firm written offer of compromise which is substantial in amount and the Agency is uncertain as to whether the offer should be accepted, it may refer the offer, the supporting data, and particulars concerning the claim to the Government Accountability Office or to the Department of Justice. The Government Accountability Office or the Department of Justice may act upon such an offer or return it to the agency with instructions or advice. If NASA wishes to reject the compromise, Government Accountability Office or Department of Justice approval is not required.

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20. Amend § 1261.416 by revising paragraphs (a), (b), (c)(3)(iii) and (e) to read as follows:

**§ 1261.416 Suspending or terminating collection action.**

(a) The standards set forth in this section apply to the suspension or termination of collection action pursuant to 31 U.S.C. 3711(a)(3) on claims which do not exceed \$100,000, exclusive of interest, penalties, and administrative costs, after deducting the amount of partial payments or collections, if any. NASA may suspend or terminate collection action under this part with respect to claims for money or property arising out of activities of the Agency, prior to the referral of such claims to the Government Accountability Office or to the Department of Justice for litigation. The Comptroller General (or designee) may exercise such authority with respect to claims referred to the Government Accountability Office prior to their further referral for litigation.

(b) If, after deducting the amount of partial payments or collections, if any, a claim exceeds \$100,000, exclusive of interest, penalties, and administrative costs, the authority to suspend or terminate rests solely with the Department of Justice. If the designated official believes suspension or termination may be appropriate, the matter should be evaluated using the factors set forth in paragraphs (c) and (d) of this section. If the Agency concludes that suspension or termination is appropriate, it must refer the matter, with its reasons for the recommendation, to the Department of Justice, using the Claims Collection Litigation Report. See §1261.417(e) or 31 CFR 904.2(c). If NASA decides not to suspend or terminate collection action on the claim, Department of Justice approval is not required; or if it determines that its claim is plainly erroneous or clearly without legal merit, it may terminate collection action regardless of the amount involved, without the need for Department of Justice concurrence.

(c) \*\*\*

(3) \*\*\*

(iii) Collection of the debt will cause undue hardship on the debtor.

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(e) Transfer of claim. When NASA has doubt as to whether collection action should be suspended or terminated on a claim, it may refer the claim to the Government Accountability Office for advice. When a significant enforcement policy is involved in reducing a statutory penalty or forfeiture to judgment, or recovery of a judgment is a prerequisite to the imposition of administrative sanctions, such as the suspension or revocation of a license or the privilege of participating in a Government-sponsored program, NASA may refer such a claim for litigation even though termination of collection activity might otherwise be given consideration under paragraphs (d)(1) and (2) of this section. Claims on which NASA holds a judgment by assignment or otherwise will be referred to the Department of Justice for further action if renewal of the judgment lien or enforced collection proceedings are justified under the criteria discussed in this section.

21. Amend § 1261.417 by revising the section heading and paragraphs (c) and (d) to read as follows:

**§ 1261.417 Referral to Department of Justice or Government Accountability Office.**

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(c) When the merits of the claim, the amount owed on the claim, or the propriety of acceptance of a proposed compromise, suspension, or termination are in doubt, the designated official should refer the matter to the Government Accountability Office for resolution and instructions

prior to proceeding with collection action and/or referral to the Department of Justice for litigation.

(d) Once a claim has been referred to the Government Accountability Office or to the Department of Justice pursuant to this section, NASA shall refrain from having any contact with the debtor about the pending claim and shall direct the debtor to the Government Accountability Office or to the Department of Justice, as appropriate, when questions concerning the claim are raised by the debtor. The Government Accountability Office or the Department of Justice, as appropriate, shall be immediately notified by NASA of any payments which are received from the debtor subsequent to referral of a claim under this section.

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22. Add § 1261.418 to read as follows.

**§ 1261.418. Transfer of debts to Treasury for collection.**

Unless subject to an exception identified in 31 CFR 285.12(d), NASA shall transfer any debt that is more than 180 days delinquent to the Financial Management Service for debt collection services in accordance with the procedures described in 31 CFR 285.12.

**Subpart 1261.5—Administrative Offset of Claims**

23. Amend § 1261.500 by revising paragraphs (a), (b), and (c) introductory text to read as follows:

**§ 1261.500 Scope of subpart.**

(a) This subpart applies to collection of claims by administrative offset under section 5 of the Federal Claims Collection Act of 1966 as amended by the Debt Collection Act of 1982 and the Debt Collection Improvement Act of 1996 (31 U.S.C. 3716), other statutory authority, or the common law; it does not include “Salary Offset,” which is governed by subpart 1261.6, *infra*.

(b) NASA shall refer past due, legally enforceable nontax debts which are over 180 days delinquent to the Secretary of the Treasury for collection by centralized administrative offset. For purposes of debts governed by this provision, NASA adopts and will follow the procedures established by the Department of the Treasury in 31 CFR 901.3.

(c) For claims not subject to mandatory transfer to the Department of the Treasury pursuant to paragraph (b), NASA may consider ad hoc non-centralized administrative offset of claims at its sole discretion. Any ad hoc non-centralized administrative offset of claims will be conducted consistent with the requirements of 31 CFR 901.3(c).

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24. Amend § 1261.503 by revising paragraphs (a) introductory text, (a)(2), (b), and (c) to read as follows:

**§ 1261.503 Agency records inspection; hearing or review.**

(a) NASA shall provide the debtor with a reasonable opportunity for a live, telephonic, or video-teleconference hearing when:

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(2) Unless otherwise required by law, a hearing under this section is not required to be a formal evidentiary-type hearing, although significant matters discussed at the hearing should be documented. See 31 CFR 901.3(e)(1). Such hearing may be an informal discussion/interview with the debtor, face-to-face meeting between debtor and cognizant NASA personnel, or written formal submission by the debtor and response by the NASA cognizant personnel with an opportunity for oral presentation. The hearing will be conducted before or in the presence of an official as designated by the NASA General Counsel on a case-by-case basis. The hearing is not an adversarial adjudication and need not take the form of an evidentiary hearing. However,



depending on the particular facts and circumstances, the hearing may be analogous to a fact-finding proceeding with oral presentations; or an informal meeting with or interview of the employee; or formal written submissions, with an opportunity for oral presentation, and decision based on the available written record. Ordinarily, hearings may consist of informal conferences before the hearing official in which the employee and Agency officials will be given full opportunity to present evidence, witnesses, and argument. The employee may represent himself or herself or be represented by an individual of his or her choice at no cost to the United States. The hearing official must maintain or provide for a summary record of the hearing provided under this subpart. The decision of the reviewing/hearing official should be communicated in writing (no particular form is required) to the affected parties and will constitute the final administrative decision of the Agency.

(b) Paragraph (a) of this section does not require a hearing with respect to debt collection systems, as determinations of indebtedness or waiver from these rarely involve issues of credibility or veracity since NASA has determined that review of the written record is ordinarily an adequate means to correct prior mistakes. See 31 CFR 901.3(e)(3).

(c) In those cases where a live, telephonic, or video-teleconference hearing is not required or granted, NASA will nevertheless accord the debtor an opportunity to submit any position regarding the matter by documentation and/or written presentation—that is, the Agency will make its determination on the request for waiver or reconsideration based upon a review of the available written record. See 31 CFR 901.3(e)(4). In such case, the responsible official or designee shall refer the request to the appropriate NASA Office of General Counsel or Chief Counsel for review and recommendation.

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25. Amend § 1261.507 by revising paragraph (e)(3) to read as follows:

**§ 1261.507 Civil Service Retirement and Disability Fund.**

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(e) \*\*\*

(3) Provide or not provide a live, telephonic, or video-teleconference hearing.

**Subpart 1261.6—Collection by Offset From Indebted Government Employees**

26. Amend § 1261.601 by revising paragraph (b)(2) to read as follows:

**§ 1261.601 Scope of subpart.**

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(b) \*\*\*

(2) Waiver requests and claims to the Government Accountability Office. This subpart does not preclude an employee from requesting waiver of a salary overpayment under 5 U.S.C. 5584, 10 U.S.C. 2774, or 32 U.S.C. 716, or in any way questioning the amount or validity of a debt by submitting a subsequent claim to the Government Accountability Office in accordance with procedures prescribed by the Government Accountability Office. Similarly, in the case of other types of debts, it does not preclude an employee from requesting waiver, if waiver is available under any statutory provision pertaining to the particular debt being collected.

27. Amend § 1261.603 by revising the introductory text and paragraphs (a) introductory text and (c)(2) and (5), removing paragraphs (c)(6) through (8), and revising paragraph (e) to read as follows:

**§ 1261.603 Procedures for salary offset.**

If NASA determines that a Federal employee is indebted to the United States or is notified of such by the head of another agency (or delegee), the amount of indebtedness may be collected in

monthly installments, or regularly established pay intervals, by deduction from the affected employee's pay account. The deductions may be made from basic pay, special pay, incentive pay, retired pay, retainer pay, or in the case of an employee not entitled to basic pay, from other authorized pay. The requirements in paragraphs (a) through (h) of this section must be met before a deduction is made from the current pay account of an employee.

(a) Written notice. The employee must be sent a minimum of 30 days written notice prior to further offset action, which specifies:

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(c) \*\*\*

(2) The petition should be addressed to the Agency counsel designated in the notice, but the hearing will be conducted by an official not under the supervision or control of the NASA Administrator. The Agency Chief Financial Officer is authorized to appoint an administrative law judge or other Federal executive branch employee or official on a reimbursable or other basis. Notice of the name and address of the hearing official will be sent to the employee within 10 days of receipt of petition.

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(5) As for the conduct of any live, telephonic, or video teleconference hearing, for additional guidance see 14 CFR 1261.503.

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(e) Limitation on amount and duration of deductions. Ordinarily, debts are to be collected in one lump-sum payment. However, if the employee is financially unable to pay in one lump sum or if the amount of the debt exceeds 15 percent of disposable pay for an officially established pay interval, collection must be made in installments. The size of installment deductions must bear a

reasonable relationship to the size of the debt and the employee's ability to pay (see 14 CFR 1261.411), but the amount deducted for any period must not exceed 15 percent of the disposable pay from which the deduction is made (unless the employee has agreed in writing to the deduction of a greater amount). Deduction must commence with the next full pay interval (ordinarily, the next biweekly pay period). Such installment deductions must be made over a period not greater than the anticipated period of active duty or employment, as the case may be, except as provided in paragraph (f) of this section.

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Nanette Smith,  
NASA Federal Register Liaison Officer.

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